

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 206 be amended to read as follows:

- 1 Page 5, after line 42, begin a new paragraph and insert:
- 2 "SECTION 5. IC 8-1-2-6.9 IS ADDED TO THE INDIANA CODE
- 3 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 4 UPON PASSAGE]: **Sec. 6.9. (a) As used in this section, "existing**
- 5 **electric generating facility" refers to a facility:**
- 6 **(1) other than a new energy generating facility (as defined in**
- 7 **IC 8-1-8.8-8);**
- 8 **(2) that is used to generate electricity or steam;**
- 9 **(3) that is associated with the combustion of coal or natural**
- 10 **gas; and**
- 11 **(4) that is used and useful for the convenience of the public**
- 12 **not later than May 1, 2007.**
- 13 **(b) As used in this section, "regulated air emissions" means air**
- 14 **emissions:**
- 15 **(1) from an electric generating facility;**
- 16 **(2) that are:**
- 17 **(A) carbon, sulfur, mercury, or nitrogen based pollutants;**
- 18 **or**
- 19 **(B) particulate matter; and**
- 20 **(3) that are regulated, or reasonably anticipated by the**
- 21 **commission to be regulated, by:**
- 22 **(A) the federal government;**
- 23 **(B) the state;**
- 24 **(C) a political subdivision of the state; or**

(D) any agency of a unit of government described in clauses (A) through (C).

(c) As used in this section, "regulated air emissions project" means a project designed to reduce or avoid regulated air emissions from an existing electric generating facility. The term does not include projects that provide offset programs, such as agricultural and forestry activities.

(d) An energy utility (as defined in IC 8-1-2.5-2) may petition the commission for approval of the construction, installation, and operation of a regulated air emissions project. If the commission finds, after notice and hearing, the proposed regulated air emissions project to be reasonable and necessary, the commission may approve the project and provide the following incentives:

(1) The timely recovery of costs associated with the regulated air emissions project, including capital, operation, maintenance, depreciation, tax, and financing costs incurred during the construction and operation of the project.

(2) The recovery of costs associated with:

(A) the purchase of emissions allowances; or

(B) the payment of emission taxes arising from compliance with air emissions regulations.

(e) In addition to the incentives described in subsection (d), the commission may provide any other financial incentives the commission considers appropriate."

Page 8, between lines 18 and 19, begin a new paragraph and insert:
"SECTION 9. IC 8-1-35 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 35. Renewable Energy Development

Sec. 1. As used in this chapter, "electricity supplier" means a public utility that furnishes retail electric service to the public. The term does not include a public utility that is:

(1) a corporation organized under IC 8-1-13;

(2) a corporation organized under IC 23-17-1 that is an electric cooperative and that has at least one (1) member that is a corporation organized under IC 8-1-13; or

(3) a municipally owned utility (as defined in IC 8-1-2-1(h)).

Sec. 2. (a) As used in this chapter, "end use energy efficiency improvement" means the installation and use of a device, method, or project on the customer side of an electric utility metering device that reduces electrical energy usage.

(b) The term includes the following:

(1) Home weatherization.

(2) Appliance efficiency modifications or replacements.

(3) Motor efficiency modifications or replacements.

(4) Lighting efficiency modifications.

(5) Heating or air conditioning modifications or replacements.

(6) Building designs with the purpose of achieving end use energy reductions.

Sec. 3. As used in this chapter, "fund" refers to the renewable energy resources fund established by section 9 of this chapter.

Sec. 4. As used in this chapter, "regional transmission organization" refers to a regional transmission organization approved by the Federal Energy Regulatory Commission for the geographic area in which an electricity supplier's assigned service area (as defined in IC 8-1-2.3-2) is located.

Sec. 5. As used in this chapter, "renewable energy credit", or "REC", means one (1) megawatt hour of electricity generated by renewable energy resources that is:

- (1) quantifiable;
- (2) possessed by not more than one (1) entity at a time; and
- (3) associated with electricity generated by renewable energy resources as defined in section 6(a) of this chapter that are constructed or installed after January 1, 2007.

Sec. 6. (a) As used in this chapter, "renewable energy resources" includes the following sources for the production of electricity:

- (1) Dedicated crops grown for energy production.
- (2) Methane systems that convert waste products, including animal, food, and plant waste, into electricity.
- (3) Methane recovered from landfills.
- (4) Wind.
- (5) Hydropower, other than hydropower involving the construction of new dams or the expansion of existing dams.
- (6) Solar photovoltaic cells and panels.
- (7) Fuel cells that directly convert chemical energy in a hydrogen rich fuel into electricity.
- (8) Sawmill waste, other than waste derived from virgin timber.
- (9) Agricultural crop waste.
- (10) Combined heat and power systems that:
 - (A) use natural gas or renewable energy resources as feedstock;
 - (B) achieve at least seventy percent (70%) overall efficiency; and
 - (C) are constructed after January 1, 2007.
- (11) End use energy efficiency improvements, installed after January 1, 2007, that reduce electrical energy usage.

(b) The term does not include energy from the incineration, burning, or heating of the following:

- (1) Tires.
- (2) Garbage.
- (3) General household, institutional, or commercial waste.
- (4) Industrial lunchroom or office waste.
- (5) Landscape waste.

1 **(6) Construction or demolition debris.**

2 **(7) Feedstock that is municipal, food, plant, industrial, or**
 3 **animal waste from outside Indiana.**

4 **Sec. 7. (a) Each electricity supplier shall supply electricity**
 5 **generated or reduced by renewable energy resources to Indiana**
 6 **customers as a percentage of the total electricity supplied by the**
 7 **electricity supplier to Indiana customers as follows:**

8 **(1) Not later than December 31, 2009, at least one percent**
 9 **(1%).**

10 **(2) Not later than December 31, 2010, at least two percent**
 11 **(2%).**

12 **(3) Not later than December 31, 2011, at least three percent**
 13 **(3%).**

14 **(4) Not later than December 31, 2012, at least four percent**
 15 **(4%).**

16 **(5) Not later than December 31, 2013, at least five percent**
 17 **(5%).**

18 **(6) Not later than December 31, 2014, at least six percent**
 19 **(6%).**

20 **(7) Not later than December 31, 2015, at least seven percent**
 21 **(7%).**

22 **(8) Not later than December 31, 2016, at least eight percent**
 23 **(8%).**

24 **(9) Not later than December 31, 2017, at least nine percent**
 25 **(9%).**

26 **(10) Not later than December 31, 2018 and thereafter, at least**
 27 **ten percent (10%).**

28 **For purposes of this subsection, electricity is measured in**
 29 **megawatt hours.**

30 **(b) An electricity supplier may use a renewable energy resource**
 31 **described in section 6(a)(10) of this chapter each to generate not**
 32 **more than ten percent (10%) of the electricity that the electricity**
 33 **supplier is required to supply under subsection (a).**

34 **(c) An electricity supplier may use a renewable energy resource**
 35 **described in section 6(a)(11) of this chapter each to generate not**
 36 **more than ten percent (10%) of the electricity that the electricity**
 37 **supplier is required to supply under subsection (a).**

38 **(d) An electricity supplier may own or purchase RECs to**
 39 **comply with subsection (a).**

40 **(e) An electricity supplier is responsible for conducting**
 41 **sufficient advance planning to acquire its allotment of RECs.**

42 **(f) An electricity supplier that fails to comply with subsection (a)**
 43 **shall deposit in the fund an amount equal to:**

44 **(1) the number of megawatt hours of electricity that the**
 45 **electricity supplier was required to but failed to supply under**
 46 **subsection (a); multiplied by**

47 **(2) fifty dollars (\$50).**

(g) An electricity supplier is not required to comply with subsection (a) if the commission determines that events beyond the reasonable control of the electricity supplier prevent it from meeting its renewable energy resources or REC requirements. For purposes of this subsection, "events beyond the reasonable control of the electricity supplier" are limited to the following:

- (1) Weather related damage.
- (2) Mechanical failure.
- (3) Lack of transmission capacity or availability.
- (4) Strikes or lockouts.
- (5) Actions of a governmental authority that adversely affect the generation, transmission, or distribution of energy from renewable energy resources under contract to a purchaser.
- (6) An emergency as found by the commission under IC 8-1-2-113.

The term does not include failure of the spot or short term market to supply an electricity supplier with the allocated number of RECs.

(h) The commission shall conduct a public hearing to make a determination under subsection (g).

(i) If the commission determines under subsection (g) that events beyond the reasonable control of the electricity supplier prevent it from meeting its renewable energy resources or REC requirements, the commission shall:

- (1) reduce the affected electricity supplier's obligations under subsection (a) as appropriate; and
- (2) review its determination not more than six (6) months after the reduction under subdivision (1) takes effect.

Sec. 8. (a) For purposes of calculating RECs to determine an electricity supplier's compliance with section 7(a) of this chapter, the following apply:

- (1) One (1) megawatt hour of electricity generated by renewable energy resources in an Indiana facility equals one (1) REC.
- (2) One (1) megawatt hour of electricity generated by a renewable energy resource described in section 6(a)(2), 6(a)(6), 6(a)(8), or 6(a)(9) of this chapter that originates in Indiana equals one and two-tenths (1.2) RECs.
- (3) One (1) megawatt hour of electricity that is:
 - (A) generated by a renewable energy resource in the territory of a regional transmission organization; and
 - (B) imported into Indiana;
 equals five-tenths (0.5) REC.
- (4) One (1) megawatt hour of electricity that is generated by a renewable energy resource described in section 6(a)(10) of this chapter in Indiana equals five-tenths (0.5) REC.
- (b) Electricity generated by any source outside the territory of

a regional transmission organization may not be considered for purposes of calculating an REC to determine an electricity supplier's compliance with section 7(a) of this chapter.

(c) An electricity supplier may satisfy not more than ten percent (10%) of the electricity supplier's requirement under section 7(a) of this chapter by owning or purchasing RECs calculated under subsection (a)(4).

(d) An electricity supplier may calculate only one (1) REC for each megawatt hour of electricity.

Sec. 9. (a) The renewable energy resources fund is established to:

(1) support the development, construction, and use of renewable energy resources, including small scale renewable energy resources, in rural and urban Indiana; and

(2) reimburse the Indiana economic development corporation and the commission for expenses incurred under section 10 of this chapter.

(b) The fund consists of the following:

(1) Money deposited under section 7(f) of this chapter.

(2) Money from any other source that is deposited in the fund.

(c) The Indiana economic development corporation shall administer the fund.

(d) The expenses of administering the fund shall be paid from money in the fund.

(e) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(f) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 10. (a) This section applies if there is sufficient money in the fund to reimburse the Indiana economic development corporation and the commission for expenses incurred under subsection (b).

(b) The Indiana economic development corporation, in consultation with the commission, shall develop a strategy to attract renewable energy manufacturing facilities, including wind turbine component manufacturers, to Indiana.

Sec. 11. Beginning in 2011, and not later than March 1 of each year, a utility shall file with the commission a report of the utility's compliance with this chapter for the preceding calendar year.

Sec. 12. The commission shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 10. [EFFECTIVE UPON PASSAGE] Not later than April 1, 2013, the Indiana utility regulatory commission shall submit a report in an electronic format under IC 5-14-6 to the general assembly. A report submitted under this SECTION must include:

- 1 **(1) an analysis of; and**
2 **(2) any legislative proposals the commission believes would**
3 **increase;**
4 **the effectiveness of and industry compliance with IC 8-1-35, as**
5 **added by this act."**
6 Renumber all SECTIONS consecutively.
 (Reference is to ESB 206 as printed April 3, 2007.)

Representative Crooks